



1998 SMALL BUSINESS PROFILE

SMALL BUSINESS: HEART OF THE MARYLAND ECONOMY

The importance of small business to the state of Maryland is apparent in the 1998 Small Business Profile. This year's findings, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, indicate that small businesses are vital to the state's economy. Not only do small businesses play a critical role by efficiently reallocating the state's resources and injecting new ideas into the economy with business starts and stops, but their diversity and composition provide the work force with many opportunities.

Number of Businesses - In 1997, Maryland had 125,755 businesses with employees; 97.7 percent of the businesses were small businesses (percent based on 1995 data for businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 190,000 self-employed persons in 1997.

Small Business Income - The income of sole proprietors and partners rose 2.5 percent to \$7.6 billion in 1997, while wage-and-salary income rose 7.2 percent. The state also exported \$3.9 billion of goods in 1997. (In 1992, 78.4 percent of the exporters in the state were small businesses.)

Women-Owned Businesses - According to The National Foundation for Women Business Owners, as of 1996, there were 167,200 women-owned businesses in Maryland, including part-time firms, employing 301,300 people and generating \$39.2 billion in sales. Between 1987 and 1996, the number of women-owned businesses increased 87.7 percent.

Minority Businesses - According to the latest Bureau of the Census data, the number of black-owned firms, including part-time firms, increased 65.0 percent from 1987 to 1992, totaling 35,758 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 148.7 percent during the same time period with 7,289 firms in 1992. There has also been a marked increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 7,954 in 1987, to 13,697 in 1992, representing a 72.2 percent increase.

Business Turnover - Between 1996 and 1997, the number of new firms increased 47.5 percent, while new business incorporations decreased 3.0 percent. Financial difficulties leading to business bankruptcies increased by 14.3 percent and business failures decreased by 8.7 percent.

Finance - An SBA Office of Advocacy study found that the number of banks in Maryland decreased from 96 in 1994 to 86 in 1997. The study also found the top lenders to small businesses in FY 1997 were:

Bank Name	Location
MARYLAND PERMANENT B&TC	Owings Mills
BANK OF THE EASTERN SHORE	Cambridge
PENINSULA BK	Princess Anne
INDUSTRIAL BK NA	Oxon Hill
PEOPLES BK OF KENT CTY MD	Chestertown
HARFORD NB	Aberdeen
TALBOT BK OF EASTON MD	Easton
CALVERT B&TC	Prince Frederick
BANK OF GLEN BURNIE	Glen Burnie
SUBURBAN BK OF MD	Greenbelt
FIRST UNITED NB&TC	Oakland
SANDY SPRING NB OF MD	Olney

Small businesses seeking loans should also consider banks that participate in SBA loan programs. To locate an SBA preferred or certified lender near you, call 1-800-8-ASK-SBA.

Job Growth - From 1992 to 1996, small businesses (fewer than 500 employees) created 93.3 percent of the net new jobs. The figures below indicate the importance of small businesses as job creators.

Number of Jobs Created by Major Industry and Employment Size of Firm, 1992-1996

Industry	1-4	5-19	20-99	100-499	500+	Totals
All Industries	126,374	41,026	24,863	52,566	17,709	262,538
Manufacturing	2,400	1,499	(136)	2,716	(13,382)	(6,902)
Retail Trade	21,711	1,430	6,942	4,429	(17,044)	17,472
Services	72,037	25,514	13,987	34,089	60,576	206,202
Other	30,224	12,583	4,067	11,331	(12,441)	45,767

Industries - Small firms in the state are represented in many industries. The Eating & Drinking Places industry is the largest small business employer in Maryland, followed by Health Services. The fastest growing industry for small business is Transportation By Air (represents industries that were at least 0.25

percent of the 1995 total). The following three tables provide information about the small business sector in the state.

Table 1, Top Five Industries by Employment, 1995

Industry	SIC	Total Empl.	Percent of total	Percent small
Total - All Industries	1	1,820,573	100.0	54.6
Health Services	8000	204,156	11.2	41.4
Business Services	7300	155,225	8.5	51.2
Eating & Drinking Places	5800	133,963	7.4	63.6
Eng., Acct., Research, Mngt., & Related Serv.	8700	89,002	4.9	59.0
Special Trade Contractors	1700	84,548	4.6	94.5

Table 2, Top Small Business Industries by Employment, 1995

Industry	SIC	Small Bus. Empl.	Percent of total	Percent Small
Total - All Industries	1	993,827	100.0	54.6
Eating & Drinking Places	5800	85,175	7.4	63.6
Health Services	8000	84,487	11.2	41.4
Special Trade Contractors	1700	79,912	4.6	94.5
Business Services	7300	79,473	8.5	51.2
Eng., Acct., Research, Mngt., & Related Serv.	8700	52,527	4.9	59.0

Table 3, Fastest Growing Industries in Employment for Small Business, 1994 - 1995

Industry	SIC	Small Bus. Empl. 1995	Net change	Percent change
Total - All Industries	1	993,827	34,624	3.5
Transportation By Air	4500	739	473	64.0
Transportation Services	4700	5,081	941	18.5
Rubber & Miscellaneous Plastics Products	3000	4,220	655	15.5
Heavy Construction	1600	11,691	1,560	13.3
Apparel	2300	3,619	389	10.7

Sources: Office of Advocacy, U.S. Small Business Administration from data provided by the Department of Commerce, Department of Labor, Administrative Office of the U.S. Courts, Federal Reserve Board, Dun & Bradstreet Corporation, National Foundation for Women Business Owners, and Cognetics, Inc.